



Last Updated: 03/09/2022

Maximum Allowable Cost (MAC) Program for Virginia Medicaid and Notification of COX-II Drug Class Changes to Preferred Drug List (PDL)

The purpose of this memorandum is to inform you of the new Maximum Allowable Cost (MAC) program for Virginia Medicaid's fee-for-service program, and describe the most recent COX-II drug class changes. Effective December 1, 2004, the reimbursement for multiple-source generic drugs will be subject to a new maximum allowable cost. This program works together with the Mandatory Generic program and the Preferred Drug List (PDL) to ensure recipients are receiving quality products in a cost-effective manner. This does not affect the Managed Care Organizations (MCOs), which have their own pharmacy benefits and programs. Please note that the Long Acting Narcotic Drug Class will be addressed soon in a forthcoming memo.

MAXIMUM ALLOWABLE COSTS (MAC)

Currently, the Virginia Medicaid fee-for-service program reimburses pharmacies based on the lowest of the following pricing methodologies:

- Federal Upper Limit (FUL);
- 75th percentile cost level (VMAC) for multi-source drugs;
- 60th percentile cost level for unit-dose multi-source drugs (VMAC);
- Average Wholesale Price (AWP)-10.25%; and
- Pharmacy's Usual and Customary.

Often, however, pharmacies can purchase multiple-source generic drugs for far less than the current VMAC program amount. Thus, Medicaid is paying a much higher



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level of reimbursement relative to the acquisition cost for these drugs. By instituting a new MAC reimbursement methodology for multiple-source generic drugs, DMAS will reimburse

pharmacies an amount that more accurately reflects their acquisition costs. According to the 2004 General Assembly Appropriations Act, the MAC reimbursement shall be no less than 110 percent of the lowest-published wholesale acquisition cost (WAC) for products widely available for purchase in Virginia and included in the national pricing compendia.

The new MAC reimbursement amount will be determined by and based on the market prices for each drug in accordance with the following guidelines:

1. There must be at least three different suppliers (manufacturers and/or wholesalers) that are able to supply the drug and from whom pharmacies are able to purchase sufficient quantities of the drug. The drugs considered must be listed as therapeutically and pharmaceutically equivalent in the FDA's most recent version of the "Orange Book."
2. If the drug has a Federal Upper Limit (FUL), the pricing methodology will determine whether the MAC rate is lower than the FUL for that drug. If the MAC rate is higher than the FUL, the lower price will be paid.
3. The list of state MAC rates will be available to pharmacy providers via our website at www.dmas.virginia.gov under "Pharmacy Services." We have also enclosed a MAC list with this memo. This list will be updated on a monthly basis by the first Friday of every month and will contain a column with the effective dates of MAC prices.
4. DMAS will publish the factors used to set state MAC rates, including:



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- the identity of the reference product used to set the MAC rate;
- the generic code number (GCN) of the reference product;
- the difference by which the MAC rate exceeds the reference product price, which will be no less than 110 percent of the lowest-published wholesale acquisition cost (WAC) for products widely available for purchase in Virginia and included in the national pricing compendia; and
- the identity and date of the published compendia used to determine the reference product and set the MAC rate.

By using this revised MAC reimbursement methodology, pharmacies are encouraged to purchase the most cost-effective, therapeutically-equivalent generic drug.

PRICING DISPUTE RESOLUTION PROCESS

The intent of the MAC (maximum allowable cost) program is to reimburse pharmacy providers fairly, based on accurate generic drug costs. If a pharmacy provider discovers that the MAC price does not accurately reflect the drug cost, the provider should first explore alternative manufacturers or wholesalers that more accurately reflect the MAC price. If there are no manufacturers or wholesalers that are at or below the established MAC price, the providers may request a review.

As of November 1, 2004, providers may call 866-312-8467, fax the attached form to 866-312- 8470, or email disputeresolution@dmas.virginia.gov with MAC pricing dispute resolution requests providing the following information:

- Pharmacy name, phone number, fax number, and provider number
- Date requested
- Drug name, strength and dosage form



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- NDC number
- Wholesale acquisition cost
- Package size

Providers may administer a 72-hour supply of the medication for the patient while the dispute is being resolved.

Providers will be notified of the receipt of their dispute resolution request within one business day. The provider will receive a decision within three business days. The provider will either receive a notice stating that there is confirmation of alternative manufacturers, who have the product available at or below the MAC price, or the MAC price will be adjusted accordingly based on the results of the review. The revised price will be effective from the date of the dispute resolution request. The MAC list will be updated monthly by the first Friday of every month and can be found and downloaded from our website at www.dmas.virginia.gov.

MAC CALL CENTER

The MAC Call Center can be reached at 866-312-8467 if you have any questions regarding the MAC program. The call center will be operational as of November 1, 2004; Monday through Friday from 9 a.m. to 5 p.m. Voicemail capabilities will be available for after-hours calls. You may also send questions via email to disputeresolution@dmas.virginia.gov.

PREFERRED DRUG LIST (PDL) - CHANGES TO COX-II DRUG CLASS

Merck & Co. removed Vioxx from the market due to recent studies showing an increased risk of cardiovascular problems associated with taking the drug. As a result, DMAS has made changes to the PDL specific to the COX-II drug class and taken immediate steps to allow the other two drugs (Celebrex and Bextra) in the COX-II drug class to be "preferred" drugs. The clinical edit that has been in place requiring patients to try two Non-steroidal Anti-inflammatory Drugs (NSAIDs) before approval of a COX-II drug is still in place. Again, Celebrex and Bextra are "preferred" drugs in the COX-II class until December 31, 2004. On October 6, 2004,



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the P&T committee's annual review of Phase-I PDL drugs decided that, as of January 1, 2005, Celebrex will remain a "preferred" drug and Bextra will revert back to a "non-preferred" drug. Please counsel your patients on Bextra accordingly. A Medicaid Memo will be distributed in December addressing the changes to the PDL Phase-I drug categories that will be effective as of January 1, 2005.

ELIGIBILITY AND CLAIMS STATUS INFORMATION

DMAS offers a web-based Internet option to access information regarding Medicaid eligibility, claims status, check status, service limits, prior authorization, and pharmacy prescriber identification information. The website address to use to enroll for access to this system is <http://virginia.fhsc.com>. The MediCall voice response system will provide the same information and can be accessed by calling 800-884-9730 or 800-772-9996. Both options are available at no cost to the provider.

COPIES OF MANUALS

DMAS publishes electronic and printable copies of its provider manuals and Medicaid Memoranda on the DMAS website at www.dmas.virginia.gov (***please note the new DMAS website address***). Refer to the Provider Column to find Medicaid- and SLH-provider manuals or click on "Medicaid Memos to Providers" to view Medicaid Memoranda. The Internet is the most efficient means to receive and review current provider information. If you do not have access to the Internet, or would like a paper copy of a manual, you can order these by contacting Commonwealth-Martin at 804-780-0076. A fee will be charged for the printing and mailing of the manuals and manual updates requested.

"HELPLINE"



Department of Medical Assistance Services
600 East Broad Street
Suite 1300
Richmond, VA 23219

<https://dmas.virginia.gov>

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The "HELPLINE" is available Monday through Friday from 8:30 a.m. to 4:30 p.m., except on state holidays, to answer questions. The "HELPLINE" numbers are:

1-804-786-6273 Richmond area and out-of-state long-distance

1-800-552-8627 All other areas (in-state long-distance,
toll-free) Please remember that the "HELPLINE" is for provider use only.